

## Capital Outlay Summary

	FY 2012 APPROVED
<b>BUILDING RENEWAL</b>	
ADOA Building System	11,731,800
ADOT Building System	1,050,000
ABOR Building System	0
<b>SUBTOTAL</b>	<b>12,781,800</b>
<b>INDIVIDUAL PROJECTS</b>	
ADOA Building System	1,030,000
ADOT Building System	232,278,400
ABOR Building System	0
<b>SUBTOTAL</b>	<b>233,308,400</b>
<b>LEASE-PURCHASE PAYMENTS</b>	
Leaseback Obligations	49,050,700 <sup>1/</sup>
<b>TOTALS</b>	
ADOA Building System	61,812,500
ADOT Building System	233,328,400
ABOR Building System	0
<b>TOTAL - ALL PROJECTS</b>	<b>295,140,900</b>
<b>FUND SOURCES</b>	
General Fund	49,050,700
<u>Other Appropriated Funds</u>	
Capital Outlay Stabilization Fund	6,500,000
Department of Corrections Building Renewal Fund	4,630,500
Game and Fish Fund	552,100
Game and Fish Capital Improvement Fund	1,000,000
State Aviation Fund	22,350,400
State Highway Fund	210,978,000
State Lottery Fund	79,200
<b>SUBTOTAL - Other Appropriated Funds</b>	<b>246,090,200</b>
<b>SUBTOTAL - Appropriated Funds Less Debt and Lease-Purchase Financing Projects</b>	<b>246,090,200</b>
<b>SUBTOTAL - Appropriated Funds</b>	<b>295,140,900</b>
Other Non-Appropriated Funds	312,567,000
Federal Funds	635,722,000
<b>TOTAL - ALL SOURCES</b>	<b>1,243,429,900</b>

**DESCRIPTION** — The Capital Outlay Budget consists of one-time appropriations to maintain, expand, enhance, or make a lease-purchase payment for the state's capital stock, which includes office buildings, service centers, residential treatment centers, state parks, prisons, highways, and other. For the purposes of capital management and planning, the state is divided into 3 building systems, the Arizona Department of Administration (ADOA) Building System, the Arizona Department of Transportation (ADOT) Building System, and the Arizona Board of Regents (ABOR) Building System. Capital appropriations are typically made through the Capital Outlay Bill, but may be made through other bills as well.

The following amounts are one-time appropriations.

Appropriated Funds. The budget consists of 3 main categories: 1) Building Renewal, 2) Individual Projects, and 3) Lease-Purchase Payments.

### Capital Outlay

The budget includes a total of \$295,140,900 from Appropriated Funds in FY 2012. Of the total, \$49,050,700 is from the General Fund and \$246,090,200 is from Other

<sup>1/</sup> This amount was appropriated by the General Appropriation Act (Laws 2011, Chapter 24, Section 128). All other appropriations appear in the FY 2012 Capital Outlay Bill (Laws 2011, Chapter 25).

### **Building Renewal**

Building Renewal appropriations provide for the major maintenance and repair of state-owned buildings. The appropriations are based on support of a formula determined by the Joint Committee on Capital Review. The formula takes into account the replacement value, age, and life-cycle of a building. Available appropriations are administered by ADOA or individual agencies within the ADOA Building System that have their own funding source for building renewal, ADOT, and ABOR for their respective building systems.

The budget includes total funding of \$12,781,800 for Building Renewal in FY 2012, which is from Other Appropriated Funds. These amounts include:

Arizona Department of Administration	\$6,500,000
Capital Outlay Stabilization Fund	
@ 29% (when combined with	
ADC amount below)	
Department of Corrections Building	4,630,500
Renewal Fund @ 29% (when	
combined with ADOA amount above)	
Game and Fish Fund @ 100%	522,100
State Lottery Fund @ 100%	<u>79,200</u>
Subtotal - ADOA	\$11,731,800

Arizona Department of Transportation	
State Highway Fund @ 10.6%	\$ 1,000,000
State Aviation Fund @ 30.9%	<u>50,000</u>
Subtotal - ADOT	\$ 1,050,000

*(See the individual building systems' write-ups for more information.)*

### **Individual Projects**

The budget includes a total of \$233,308,400 for individual capital projects in FY 2012, which is from Other Appropriated Funds. *(See the individual building systems' write-ups for more information.)*

### **Lease-Purchase Payments**

The budget includes \$49,050,700 from the General Fund for interest-only lease-purchase agreement payments in FY 2012. *(See the Debt and Lease-Purchase Financing write-up for more information.)*

## Capital Outlay

### Arizona Department of Administration Building System

FY 2012  
APPROVED

#### BUILDING RENEWAL

Arizona Department of Administration <sup>1/</sup>	6,500,000
Game and Fish Department	522,100
Arizona Lottery Commission	79,200
Department of Corrections <sup>2/</sup>	4,630,500
<b>SUBTOTAL <sup>3/</sup></b>	<b>11,731,800</b>

#### INDIVIDUAL PROJECTS <sup>4/</sup>

##### Game and Fish Statewide Projects

Property Maintenance	500,000
Dam Maintenance	500,000
Preventative Maintenance	30,000
<b>SUBTOTAL</b>	<b>1,030,000</b>

#### TOTAL - ALL PROJECTS

**12,761,800**

#### FUND SOURCES

##### Other Appropriated Funds

Capital Outlay Stabilization Fund	6,500,000
Department of Corrections Building Renewal Fund	4,630,500
Game and Fish Fund	552,100
Game and Fish Capital Improvement Fund	1,000,000
State Lottery Fund	79,200
<b>SUBTOTAL - Other Appropriated Funds</b>	<b>12,761,800</b>

##### SUBTOTAL - Appropriated Funds

**12,761,800**

#### TOTAL - ALL SOURCES <sup>5/6/7/8/</sup>

**12,761,800**

- <sup>1/</sup> The Department of Administration shall allocate the monies to state agencies for necessary building renewal. If monies in the Capital Outlay Stabilization Fund are insufficient to fund the appropriation to the Department of Administration for building renewal, the appropriation to the Department of Administration shall be reduced by the difference between the amount appropriated to the Department of Administration from the Capital Outlay Stabilization Fund and the balance in the Capital Outlay Stabilization Fund. (Capital Outlay Appropriation Act footnote)
- <sup>2/</sup> The Department shall allocate the amount appropriated to the State Department of Corrections for necessary building renewal and, as permitted by statute, on preventative maintenance projects. (Capital Outlay Appropriation Act footnote)
- <sup>3/</sup> Notwithstanding A.R.S. § 41-793.01, the amounts appropriated in this section are appropriated for FY 2012 and shall be used by the applicable agency for major maintenance and repair activities for state buildings in accordance with Title 41, Chapter 4, Article 7, Arizona Revised Statutes. Of the amounts appropriated to the Department of Administration, up to \$275,000 in Personal Services and Employee Related Expenditures for up to 5 FTE Positions may be allocated each fiscal year until the building renewal projects are completed. All other monies appropriated in this section shall not be spent for Personal Services or Employee Related Expenditures or for maintenance contracts on building components and equipment without review by the Joint Committee on Capital Review. Any monies appropriated for building renewal in FY 2012 that are unexpended or unencumbered on June 30, 2013 shall revert to the fund from which the monies were appropriated. (Capital Outlay Appropriation Act footnote)
- <sup>4/</sup> Pursuant to A.R.S. § 41-1252, the Joint Committee on Capital Review shall review the scope, purpose, and estimated cost of a new capital project that has an estimated cost of more than \$250,000. (Capital Outlay Appropriation Act footnote)
- <sup>5/</sup> Unless otherwise specified, the monies appropriated in this act shall not be spent for Personal Services or Employee Related Expenditures of state employees, excluding any services provided as part of the inmate construction program for correctional facilities. (Capital Outlay Appropriation Act footnote)
- <sup>6/</sup> Unless otherwise specified, the appropriations made in this act do not lapse until the purpose for which the appropriation was made has been accomplished or abandoned, or the appropriation stands for a full fiscal year without an expenditure or an encumbrance. (Capital Outlay Appropriation Act footnote)
- <sup>7/</sup> The Department of Administration shall report on the status of project-specific FTE Positions for capital projects in its annual capital budget request. (Capital Outlay Appropriation Act footnote)
- <sup>8/</sup> The Department of Administration may allocate FTE Positions authorized for specific projects to other projects in this act provided that funding for the FTE Positions is cost allocated among the projects receiving benefit. The Department of Administration shall report any FTE Position reallocations to the Joint Committee on Capital Review by December 15, 2011. (Capital Outlay Appropriation Act footnote)

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**DESCRIPTION** — The Arizona Department of Administration (ADOA) Building System is comprised of buildings controlled by all state agencies except the Arizona Board of Regents and Arizona Department of Transportation. Capital appropriations may be made directly to an agency within the system, to ADOA on behalf of an agency, or to ADOA for the entire system. The following amounts for FY 2012 are for specific projects within the building system. Appropriations for ADOA Building System projects may be from the General Fund or Other Appropriated Funds.

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Unless otherwise specified, funding for capital projects is appropriated by Laws 2011, Chapter 25 (FY 2012 Capital Outlay Bill).

### **Building Renewal**

#### **Building Renewal**

The budget includes \$11,731,800 from Other Appropriated Funds in FY 2012 for Building Renewal within the ADOA Building System. This amount consists of:

- \$6,500,000 from the Capital Outlay Stabilization Fund (COSF) to ADOA. In combination with the \$4,630,500 from the Department of Corrections (ADC) Building Renewal Fund (see below), the budget funds 29% of the building renewal formula. In FY 2011, the formula was funded at \$5,000,000, or 15%, of which \$4,000,000 was General Fund and \$1,000,000 was COSF.
- \$522,100 from the Game and Fish Fund to the Arizona Game and Fish Department to fund 100% of the building renewal formula.
- \$79,200 from the State Lottery Fund to the Arizona State Lottery Commission to fund 100% of the building renewal formula.
- \$4,630,500 from the ADC Building Renewal Fund in FY 2012 to ADOA for ADC building renewal and preventative maintenance projects. The Criminal Justice Budget Reconciliation Bill (BRB) (Laws 2011, Chapter 33) established the Department of Corrections Building Renewal Fund, permits up to 8% of the funds to be used on preventative maintenance, permits a new visitor's fee to be deposited into this fund, and specifies yearly transfers from 4 department funds into this fund. It is estimated that the newly-enacted visitor's fee would generate \$2,289,900 the first year and \$1,682,900 each subsequent year. The fee will be charged to all visitors 18 years or older. The following amounts will be annually transferred into this newly-created fund: \$1,000,000 from the Arizona Correctional Industries Revolving Fund, \$500,000 from the Inmate Store Proceeds Fund, \$500,000 from the Special Services Fund, and an estimated \$340,600 from a newly-created fee for any deposits made to a prisoner spendable account.

Building renewal appropriations are used for major repair and maintenance of state-owned buildings. The budget continues the footnote that allows up to \$275,000 and up to 5 FTE Positions be appropriated each year from building renewal monies to ADOA for supervision and management of building renewal projects, and a

requirement that unused building renewal monies revert on June 30, 2013.

The General Government BRB (Laws 2011, Chapter 34) permanently allows ADOA to use 8% of its annual Building Renewal appropriation for routine preventative maintenance.

### **Game and Fish Department**

The budget includes \$1,030,000 from Other Appropriated Funds in FY 2012 for Arizona Game and Fish Department projects. This amount consists of:

Game and Fish Capital Improvement Fund	\$1,000,000
Game and Fish Fund	30,000

### **Game and Fish Statewide Projects**

#### **Property Maintenance**

The budget includes \$500,000 from the Game and Fish Capital Improvement Fund in FY 2012 for the maintenance of commission owned or operated properties. There are a total of 351 projects with an average cost of \$1,500. Projects will be prioritized and implemented by the Game and Fish Department.

#### **Dam Maintenance**

The budget includes \$500,000 from the Game and Fish Capital Improvement Fund in FY 2012 for maintenance, repairs, and modifications in compliance with dam safety regulations. The department operates 37 dams. Maintenance will be performed on specific problems related to 7 dams while 30 dams will receive maintenance due to leakage, vegetation, or safety concerns.

#### **Preventative Maintenance**

The budget includes \$30,000 from the Game and Fish Fund in FY 2012 to provide funding for preventative maintenance. The program was initiated in FY 2005 and was anticipated to receive ongoing annual funding. The program addresses unexpected facility maintenance expenses requiring immediate action and is separate from building renewal projects.

### **Additional Legislation**

#### ***COSF Rental Rate Change & Payment Savings***

The FY 1992 lease-purchase agreement that was refinanced in FY 2002 was paid off in FY 2011. The completion of the lease-purchase payments will result in FY 2012 savings of \$(25,953,800), including \$(17,367,000) from the General Fund. The properties

associated with this lease-purchase agreement will become state-owned properties and COSF rent will begin to be paid to ADOA on the properties beginning in FY 2012. All other lease-purchase payments will decline by \$(909,600) in FY 2012, including \$(1,588,500) from the General Fund. *(Please see the Capital Outlay Debt and Lease-Purchase Financing narrative for more information.)*

In FY 2011, state agencies paid a total of \$20,126,800 to ADOA for COSF rent. The FY 2011 rental rate for state-owned space was \$21.02/square foot for office space and \$7.62/square foot for storage space.

In FY 2011, ADOA was appropriated a total of \$5,000,000 for Building Renewal, of which \$4,000,000 was from the General Fund and \$1,000,000 from COSF. The budget includes Building Renewal funding of \$6,500,000 in FY 2012, which is entirely funded from COSF. In order to fund the \$5,500,000 COSF increase for Building Renewal in FY 2012, \$1,500,000 in fund balance monies will be used and COSF collections will be increased by \$4,000,000 above the FY 2011 \$20,126,800 amount.

However, converting the FY 1992 lease-purchase agreement payments into COSF payments will begin to bring in additional rental income of \$13,493,800 in FY 2012, including \$8,582,300 from the General Fund. Since only \$4,000,000 more is needed in COSF monies to fund FY 2012 Building Renewal at \$6,500,000, the rental rate can be reduced.

The Budget Procedures BRB (Laws 2011, Chapter 26) reduced the FY 2012 COSF rental rate charged by ADOA for state-owned space from \$21.02 per square foot to \$15.08 per square foot for office space and from \$7.62 per square foot to \$5.47 per square foot for storage space. Reducing the rental rate will result in FY 2012 COSF rental collections of \$24,160,200, which is an increase of about \$4,000,000 over the FY 2011 amount. The rate reduction will save \$(9,227,700), including \$(6,220,600) from the General Fund.

The net General Fund savings from all these adjustments is \$(16,751,500). *(Please see page 265 and the Agency Detail and Allocations section.)*

## Lease-Purchase and Rent Back of the Bill Adjustments - Detail by Agency

Agency	FY 2011 Lease-Purchase Retirement				Convert Retired Lease-Purchase Pymts to Rent				Other Lease-Purchase Savings 1/				Reduction in COSF Rent Rate				Total Savings			
	GF	OF	NA	Total	GF	OF	NA	Total	GF	OF	NA	Total	GF	OF	NA	Total	GF	OF	NA	Total
Acupuncture Board of Examiners													0	(1,600)	0	(1,600)	0	(1,600)	0	(1,600)
Administration, AZ Dept. of	(1,314,900)	(114,100)	0	(1,429,000)	132,000	49,000	0	181,000	(1,509,500)	(167,500)	0	(1,677,000)	(191,300)	(284,600)	(46,500)	(522,400)	(2,883,700)	(517,200)	(46,500)	(3,447,400)
ADOA Paying ASDB FY12 LP Pymt 2/									2,031,200	0	0	2,031,200					2,031,200	0	0	2,031,200
Administrative Hearings, Office of													(41,900)	0	(30,500)	(72,400)	(41,900)	0	(30,500)	(72,400)
Agriculture, AZ Dept. of	(63,600)	(22,200)	0	(85,800)	34,400	12,100	0	46,500					(197,400)	(47,000)	(9,800)	(254,200)	(226,600)	(57,100)	(9,800)	(293,500)
Appraisal, State Board of													0	(10,300)	0	(10,300)	0	(10,300)	0	(10,300)
AZ Health Care Cost Containment System													(2,600)	0	(1,700)	(4,300)	(2,600)	0	(1,700)	(4,300)
Attorney General - Dept. of Law	(78,200)	0	0	(78,200)	133,700	0	0	133,700	37,600	3,700	0	41,300	(633,300)	(10,000)	0	(643,300)	(540,200)	(6,300)	0	(546,500)
Automobile Theft Authority													0	(11,800)	0	(11,800)	0	(11,800)	0	(11,800)
Barbers, Board of													0	(4,300)	0	(4,300)	0	(4,300)	0	(4,300)
Charter Schools, State Board for													(20,600)	0	0	(20,600)	(20,600)	0	0	(20,600)
Citizens Clean Elections Comm.									0	0	(200)	(200)					0	0	(200)	(200)
Contractors, Registrar of	0	(107,100)	0	(107,100)	0	64,300	0	64,300					0	(18,200)	0	(18,200)	0	(61,000)	0	(61,000)
Corporation Commission	(91,100)	(71,600)	0	(162,700)	53,600	42,100	0	95,700					(169,300)	(266,900)	0	(436,200)	(206,800)	(296,400)	0	(503,200)
Corrections, AZ Dept. of									(2,600)	0	0	(2,600)	(611,200)	0	0	(611,200)	(613,800)	0	0	(613,800)
Deaf & Blind, AZ State Schools for the	(928,400)	0	0	(928,400)	162,700	168,400	230,100	561,200	(1,257,600)	0	0	(1,257,600)	(41,000)	(47,600)	(65,100)	(153,700)	(2,064,300)	120,800	165,000	(1,778,500)
Deaf and Hard of Hearing, Commission for the													0	(28,200)	0	(28,200)	0	(28,200)	0	(28,200)
Economic Security, Dept. of	(4,998,400)	(1,482,100)	(2,236,700)	(8,717,200)	2,670,700	791,700	1,194,600	4,657,000	(236,900)	0	(24,500)	(261,400)	(829,600)	(235,100)	(351,300)	(1,416,000)	(3,394,200)	(925,500)	(1,417,900)	(5,737,600)
Education, Dept. of	(109,200)	0	(40,200)	(149,400)	61,300	0	22,700	84,000					(240,500)	(1,100)	(186,300)	(427,900)	(288,400)	(1,100)	(203,800)	(493,300)
Environmental Quality, Dept. of	0	(210,000)	(91,600)	(301,600)	0	113,800	48,800	162,600					0	(30,900)	(13,800)	(44,700)	0	(127,100)	(56,600)	(183,700)
Equal Opportunity, Governor's Office of													(6,100)	0	0	(6,100)	(6,100)	0	0	(6,100)
Equalization, State Board of													(500)	0	0	(500)	(500)	0	0	(500)
Executive Clemency, Board of													(31,500)	0	0	(31,500)	(31,500)	0	0	(31,500)
Financial Institutions, Department of													(69,400)	0	(7,700)	(77,100)	(69,400)	0	(7,700)	(77,100)
Fire, Bldg. & Life Safety, Dept. of	(98,600)	0	0	(98,600)	55,400	0	0	55,400	(101,000)	0	0	(101,000)	(15,300)	0	0	(15,300)	(159,500)	0	0	(159,500)
Forester, State									101,000	0	0	101,000					101,000	0	0	101,000
Funeral Directors & Embalmers, State Board of													0	(5,100)	0	(5,100)	0	(5,100)	0	(5,100)
Game & Fish Dept., AZ									0	1,000,000	0	1,000,000					0	1,000,000	0	1,000,000
Gaming, Dept. of	0	(40,000)	0	(40,000)	0	23,600	0	23,600					0	(6,700)	0	(6,700)	0	(23,100)	0	(23,100)
Geological Survey, AZ													(56,800)	0	0	(56,800)	(56,800)	0	0	(56,800)
Governor, Office of the	(93,100)	0	0	(93,100)	50,600	0	0	50,600					(232,300)	0	(4,500)	(236,800)	(274,800)	0	(4,500)	(279,300)
Gov's Ofc of Strategic Planning & Budgeting									(37,400)	0	0	(37,400)					(37,400)	0	0	(37,400)
Health Services, Dept. of	(162,700)	(193,100)	0	(355,800)	89,200	104,700	0	193,900	(237,700)	(342,000)	(8,500)	(588,200)	(382,200)	(188,300)	0	(570,500)	(693,400)	(618,700)	(8,500)	(1,320,600)
Historical Society, AZ	(2,643,700)	(430,800)	0	(3,074,500)	1,505,700	0	0	1,505,700					(570,100)	0	0	(570,100)	(1,708,100)	(430,800)	0	(2,138,900)
Homeland Security, AZ Dept of													0	0	(42,400)	(42,400)	0	0	(42,400)	(42,400)
Homeopathic & Integrated Medicine Examiners, State Board of													0	(1,700)	0	(1,700)	0	(1,700)	0	(1,700)
Indian Affairs, AZ Commission of									(3,400)	0	0	(3,400)					(3,400)	0	0	(3,400)
Insurance, Dept. of	(17,800)	0	(17,400)	(35,200)	9,600	0	9,200	18,800	(125,500)	0	(44,400)	(169,900)					(133,700)	0	(52,600)	(186,300)
Judiciary - Court of Appeals	(1,164,200)	0	0	(1,164,200)	641,300	0	0	641,300	(179,600)	0	0	(179,600)					(702,500)	0	0	(702,500)
Judiciary - Supreme Court	(5,167,300)	(2,314,500)	(1,136,300)	(8,618,100)	2,894,600	1,329,200	664,600	4,888,400	(811,100)	(375,900)	(187,900)	(1,374,900)					(3,083,800)	(1,361,200)	(659,600)	(5,104,600)
Juvenile Corrections, Dept. of									(900)	0	0	(900)					(197,800)	0	0	(197,800)
Land Dept., State									(100)	(3,800)	0	(3,900)	(196,900)	0	0	(196,900)		(100)	(3,800)	(3,900)
Legislature - Auditor General	(124,100)	0	0	(124,100)	0	0	0	0					(126,100)	0	0	(126,100)	(250,200)	0	0	(250,200)
Liquor Licenses & Control, Dept. of	0	(67,000)	0	(67,000)	0	36,600	0	36,600					0	(10,300)	0	(10,300)	0	(40,700)	0	(40,700)
Medical Board, AZ									0	(95,400)	0	(95,400)					0	(95,400)	0	(95,400)
Mine Inspector, State									(26,000)	0	0	(26,000)					(26,000)	0	0	(26,000)
Mines & Mineral Resources, Dept. of (Geological Survey)									10,000	0	3,300	13,300					10,000	0	3,300	13,300
Naturopathic Physicians Medical Board									0	(9,900)	0	(9,900)					0	(9,900)	0	(9,900)
Navigable Stream Adjudication Commission, AZ									(4,600)	0	0	(4,600)					(4,600)	0	0	(4,600)
Nursing Care Inst. Admin. & Asstd. Living Fac. Mgrs.									0	(7,100)	0	(7,100)					0	(7,100)	0	(7,100)
Opticians, State Board of Dispensing									0	(1,700)	0	(1,700)					0	(1,700)	0	(1,700)
Optometry, State Board of									0	(2,700)	0	(2,700)					0	(2,700)	0	(2,700)
Osteopathic Examiners, AZ Board of									0	(13,900)	0	(13,900)					0	(13,900)	0	(13,900)
Parks Board, AZ State									0	0	232,700	232,700					0	0	116,500	116,500
Personnel Board									0	(8,700)	0	(8,700)					0	(8,700)	0	(8,700)
Pest Management, Office of	0	(12,100)	0	(12,100)	0	6,000	0	6,000					0	(54,200)	0	(54,200)	0	(60,300)	0	(60,300)
Pharmacy, AZ State Board of									0	(36,800)	0	(36,800)					0	(36,800)	0	(36,800)
Podiatry Examiners, State Board of									0	(1,500)	0	(1,500)					0	(1,500)	0	(1,500)
Private Postsecondary Education, State Board for									0	(6,000)	0	(6,000)					0	(6,000)	0	(6,000)
Psychologist Examiners, State Board of									0	(5,800)	0	(5,800)					0	(5,800)	0	(5,800)
Real Estate Dept., State	(71,300)	0	0	(71,300)	40,100	0	0	40,100					(102,300)	0	0	(102,300)	(133,500)	0	0	(133,500)
Respiratory Care Examiners, Board of									0	(6,700)	0	(6,700)					0	(6,700)	0	(6,700)
Revenue, Dept. of									(537,900)	(11,000)	0	(548,900)	(101,400)	0	0	(101,400)	(639,300)	(11,000)	0	(650,300)
School Facilities Board									(41,200)	0	0	(41,200)					(41,200)	0	0	(41,200)
Secretary of State	(16,800)	0	0	(16,800)	10,000	0	0	10,000					(90,900)	0	0	(90,900)	28,200	0	0	28,200
State Boards' Office									0	(10,300)	0	(10,300)					0	(10,300)	0	(10,300)
Transportation, Department of									0	(48,900)	0	(48,900)					0	(48,900)	0	(48,900)
Veterinary Medical Examining Board, AZ State									0	(7,100)	0	(7,100)					0	(7,100)	0	(7,100)
Water Resources, Dept. of	(223,600)	0	0	(223,600)	37,400	0	0	37,400					(41,300)	0	0	(41,300)	(227,500)	0	0	(227,500)
Unallocated																	(157,700)	(25,200)	(37,300)	(220,200)
TOTAL	(\$17,367,000)	(\$5,064,600)	(\$3,522,200)	(\$25,953,800)	\$8,582,300	\$2,741,500	\$2,170,000	\$13,493,800	(\$1,588,500)	\$479,400	\$199,500	(\$909,600)	(\$6,220,600)	(\$1,902,300)	(\$1,104,800)	(\$9,227,700)	(\$16,751,500)	(\$3,771,200)	(\$2,294,800)	(\$22,817,500)

1/ Includes \$1,000,000 Other Appropriated Funds for the Department of Game and Fish headquarters lease-purchase payment, which is a shift from Non-Appropriated Funds. Also includes shifting \$101,000 General Fund from the Department of Fire, Building, and Life Safety to the State Forester for the privatized lease-to-own payment.

2/ The Arizona Department of Administration will pay the Arizona State Schools for the Deaf and the Blind final FY 2012 lease-purchase payment.

## Capital Outlay

### Arizona Department of Transportation Building System

FY 2012  
APPROVED

#### BUILDING RENEWAL

ADOT Building Renewal <sup>1/</sup>	1,050,000
<b>SUBTOTAL</b>	<b>1,050,000</b>

#### INDIVIDUAL PROJECTS <sup>2/</sup>

Airport Planning and Development <sup>3/</sup>	22,300,400
Statewide Highway Construction <sup>4/</sup>	209,978,000
<b>SUBTOTAL</b>	<b>232,278,400</b>

<b>TOTAL - ALL PROJECTS <sup>5/6/</sup></b>	<b>233,328,400</b>
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#### FUND SOURCES

##### Other Appropriated Funds

State Aviation Fund	22,350,400
State Highway Fund	210,978,000
<b>SUBTOTAL - Other Appropriated Funds</b>	<b>233,328,400</b>
<b>SUBTOTAL - Appropriated Funds</b>	<b>233,328,400</b>

Other Non-Appropriated Funds	312,567,000
Federal Funds <sup>7/</sup>	635,722,000
<b>TOTAL - ALL SOURCES</b>	<b>1,181,617,400</b>

**DESCRIPTION** — The Arizona Department of Transportation (ADOT) Building System includes all buildings and highways controlled by ADOT. The following includes amounts for state highway construction and other projects related to ADOT's mission. Most appropriations for ADOT projects are from the State Highway Fund and the State Aviation Fund.

- <sup>1/</sup> Notwithstanding A.R.S. § 41-793.01, the amounts appropriated in this section are appropriated for FY 2012 and shall be used by the applicable agency for major maintenance and repair activities for state buildings in accordance with Title 41, Chapter 4, Article 7, Arizona Revised Statutes. Of the amounts appropriated to the Department of Administration, up to \$275,000 in Personal Services and Employee Related Expenditures for up to 5 FTE Positions may be allocated each fiscal year until the building renewal projects are completed. All other monies appropriated in this section shall not be spent for Personal Services or Employee Related Expenditures or for maintenance contracts on building components and equipment without review by the Joint Committee on Capital Review. Any monies appropriated for building renewal in FY 2012 that are unexpended or unencumbered on June 30, 2013 shall revert to the fund from which the monies were appropriated. (Capital Outlay Appropriation Act footnote)
- <sup>2/</sup> Pursuant to A.R.S. § 41-1252, the Joint Committee on Capital Review shall review the scope, purpose and estimated cost of a new capital project that has an estimated cost of more than \$250,000. (Capital Outlay Appropriation Act footnote)
- <sup>3/</sup> The amount is appropriated from the State Aviation Fund for the planning, construction, development and improvement of state, county, city or town airports as determined by the State Transportation Board. Any balances and collections in the State Aviation Fund in excess of the specific amounts appropriated in the General Appropriation Act and in this act are appropriated to the Department of Transportation for the purposes provided in this paragraph. (Capital Outlay Appropriation Act footnote)
- <sup>4/</sup> The amount appropriated for highway construction is from the State Highway Fund for the planning and construction of state highways, including the national system of interstate highways within this state, the state primary or secondary system, the county primary or secondary system and urban rural routes, the acquisition of rights-of-way, the cost of contracted field administration and field engineering on construction projects and debt service payments on bonds issued for highway construction. Any balances and collections in the State Highway Fund in excess of the specific amounts appropriated in the General Appropriation Act and in this act are appropriated to the department for the purposes provided in this paragraph. (Capital Outlay Appropriation Act footnote)
- <sup>5/</sup> Unless otherwise specified, the monies appropriated in this act shall not be spent for Personal Services or Employee Related Expenditures of state employees, excluding any services provided as part of the inmate construction program for correctional facilities. (Capital Outlay Appropriation Act footnote)
- <sup>6/</sup> Unless otherwise specified, the appropriations made in this act do not lapse until the purpose for which the appropriation was made has been accomplished or abandoned, or the appropriation stands for a full fiscal year without an expenditure or an encumbrance. (Capital Outlay Appropriation Act footnote)
- <sup>7/</sup> This amount excludes American Recovery and Reinvestment Act funds.

Unless otherwise specified, funding for capital projects is appropriated by Laws 2011, Chapter 25 (FY 2012 Capital Outlay Bill).

### Building Renewal

The budget includes \$1,050,000 in FY 2012 for Building Renewal within the Arizona Department of Transportation (ADOT) Building System. This amount consists of \$1,000,000 from the State Highway Fund (SHF) and \$50,000 from the State Aviation Fund. The SHF amount is for the ADOT Building System and the State Aviation amount is for the Grand Canyon Airport.

Building renewal appropriations are used for major repair and maintenance of state-owned buildings. The formula is based on the square footage and replacement cost of existing buildings. The amounts represent 10.6% funding of the revised highways building renewal formula and 30.9% funding of the aviation building renewal formula.

### Airport Planning and Development

The budget includes \$22,300,400 from the State Aviation Fund in FY 2012 for ADOT's airport construction program. Fund revenues are generated from a flight property tax, aircraft lieu tax, and revenues from the operations of the Grand Canyon Airport.

### Statewide Highway Construction

The budget includes \$209,978,000 from SHF in FY 2012 for controlled access and debt service on bonds. A footnote in the FY 2012 Capital Outlay Bill appropriates any additional monies in SHF above the appropriation to ADOT for highway construction (*please see Footnote 4*). The Statewide Highway Construction appropriation typically includes funding for controlled access, debt service, and new construction.

### Controlled Access Highways

The budget includes \$87,859,000 from SHF in FY 2012 for the Highway User Revenue Fund (HURF) formula dedicated to the construction of urban freeways. The Maricopa Association of Governments (MAG) receives 75% and the Pima Association of Governments (PAG) receives 25%. Of the \$87,859,000 amount, \$26,971,000 is unallocated. Unallocated controlled access money is available to help relieve the SHF shortfall.

### Debt Service

The budget includes \$122,119,000 from SHF in FY 2012 for the appropriated portion of the debt service on bonds. ADOT has approximately \$2,900,000,000 in outstanding bonds and other long-term debt. The amount represents the appropriated portion of FY 2012 debt service payments. (*See Table 3 for more information on debt service.*)

### New Construction

The budget includes no new SHF available for highway construction in the FY 2012 Capital Outlay Bill. Highway construction monies represent the amount that is available for the discretionary SHF to fund the State's Transportation Board's 5-year plan after all other allocations have been made. Please see *Table 6* for the HURF distribution analysis, which shows that \$(30,814,000) of net SHF monies will be available for statewide highway construction in FY 2012. Since SHF cannot literally run a deficit, this \$(30,814,000) will be absorbed by other proceeds and fund balances. (*Please see the Summary of Highway Construction section and Table 6 for additional information.*)

*Table 1* shows the allocation of the enacted budget related to highway construction.

**Table 1**

#### FY 2012 Highway Construction & Debt Service

	<u>Capital Outlay Bill</u> <sup>1/</sup>
Highway Construction	\$ 0 <sup>2/</sup>
Controlled Access	87,859,000
Debt Service	<u>122,119,000</u>
<b>Total</b>	<b>\$209,978,000</b>

<sup>1/</sup> Since overall FY 2011 HURF collections have been consistent with JLBC Staff's original FY 2011 - FY 2012 forecast, the budget estimates have not been further modified.

<sup>2/</sup> The overall amount of new Highway Funds available for highway construction is projected to be \$(30,814,000). Since SHF cannot literally run a deficit, this amount is shown as \$0.

As noted in the HURF distribution table (*please see Table 6*), an additional amount of \$180,678,000 from unspent FY 2011 State Highway monies and the Statewide Transportation Acceleration Needs Account (STAN) will also be available in FY 2012. But because of the estimated \$(30,814,000) shortfall, a total of \$149,864,000 will be available.

### Summary of Non-Appropriated Capital Funds

*Table 2* provides a summary of non-appropriated capital funds expenditures. For further background information regarding the funds, please see the ADOT Summary of Funds in the ADOT operating budget section of the *FY 2012 Baseline Book*. The ADOT operating budget section does not include the non-appropriated capital expenditures as those only appear in *Table 2*.



**Table 2**

**Non-Appropriated Capital Funds  
(\$ in Thousands)**

	<b>FY 2010 Actual</b>	<b>FY 2011 Estimate</b>	<b>FY 2012 Estimate</b>
Aviation Federal Funds	\$ 6,011	\$ 3,665	\$ 3,665
Federal Grants	<u>610,639</u>	<u>632,057</u>	<u>632,057</u>
<b>Subtotal – Federal Funds</b>	<b>\$616,650</b>	<b>\$635,722</b>	<b>\$635,722</b>
Economic Strength Project Fund	\$ 1,005	\$ 1,005	\$ 1,005
Local Agency Deposits Fund	71,471	50,000	50,000
Maricopa Regional Area Road Fund	259,439	261,562	261,562
<b>Subtotal – Other Non-Appropriated Funds</b>	<b>\$331,915</b>	<b>\$312,567</b>	<b>\$312,567</b>
<b>Total</b>	<b>\$948,565</b>	<b>\$948,289</b>	<b>\$948,289</b>

**Summary of Highway Construction**

The State Transportation Board oversees the department's highway construction program. The 5-Year Highway Construction Program adopted by the Board on June 18, 2010 includes monies from SHF, Federal Funds, the Maricopa Regional Area Road Fund, HURF for controlled access roads, and bond revenues. The highway construction program adopted by the State Transportation Board totals \$1,119,781,000 for FY 2012, including \$781,620,000 for construction and maintenance projects scheduled to begin in FY 2012, and \$338,161,000 for debt service. These estimates may be further modified once a new 5-Year Highway Construction Program (FY 2012 - 2016) is adopted by the board on June 17, 2011. (Please see Table 3 for additional details.)

**Total Highway Construction Funding**

Only a small portion of the state's total highway construction funding is appropriated. Table 4 summarizes all estimated revenues and expenditures for FY 2012, on a cash flow basis as provided by ADOT. Table 3, which shows the highway construction program adopted by the State Transportation Board, presents a different view since it shows the total dollar cost of highway projects scheduled to begin in FY 2012.

Of the revenue amounts in Table 4, only the Statewide Highway Construction and Controlled Access Highways amounts are appropriated. Of the expenditure amounts, only a portion of the Debt Service is appropriated.

**Table 3**

**Highway Construction Projects Beginning in FY 2012  
and Debt Service Payments  
(\$ in Thousands)**

	<b>FY 2012<sup>1/</sup></b>
Construction	\$ 63,863
Urban Controlled Access <sup>2/</sup>	409,924
Pavement Preservation Maintenance	130,000
Other <sup>3/</sup>	177,833
Debt Service <sup>4/</sup>	<u>338,161</u>
<b>Total</b>	<b>\$1,119,781</b>

<sup>1/</sup> These amounts are subject to change pending the upcoming board meeting on June 17, 2011. Data from ADOT's 2011-2015 5-Year Transportation Facilities Construction Program.

<sup>2/</sup> Includes expenditures from the HURF for controlled access and from the Maricopa Regional Area Road Fund.

<sup>3/</sup> Includes construction preparation, contingency set-asides, and related highway construction and maintenance items.

<sup>4/</sup> Information provided by the department. Includes \$122,119,000 for SHF statewide construction bonds; \$33,658,000 for HURF, MAG, and PAG controlled access bonds; \$118,595,000 for Maricopa Regional Area Road Fund Bonds; and \$63,789,000 for Grant Anticipation Notes.

**Table 4**

**Estimated Highway Construction - Cash Basis  
(\$ in Thousands)**

	<b>FY 2012</b>
<b>Balance Forward<sup>1/</sup></b>	<b>\$ 491,371</b>
<b>Revenues</b>	
Appropriated Statewide Highway Construction <sup>2/</sup>	\$ 0
Appropriated Controlled Access Highways (MAG & PAG)	87,859
Appropriated Debt Service	122,119
½ Cent Sales Tax	195,000
Federal Aid <sup>3/</sup>	701,006
Maricopa Regional Area Road Fund Bond Proceeds <sup>4/</sup>	400,000
Miscellaneous Income/Expenses <sup>5/</sup>	<u>3,842</u>
Subtotal - Revenues	<u>\$1,509,826</u>
<b>Total Funds Available for Construction</b>	<b>\$2,001,197</b>
<b>Debt Service Expenditures</b>	
Appropriated Debt Service	\$ 122,119
Other Debt Service (All Other) <sup>6/</sup>	<u>216,042</u>
Subtotal - Debt Service	\$ 338,161
<b>Planned Construction Expenditures</b>	
Statewide Highway Construction (including PAG)	\$ 395,000
Controlled Access Highways (MAG)	<u>902,537</u>
Subtotal - Construction Expenditures	<u>\$1,297,537</u>
<b>Total Planned Expenditures</b>	<b>\$1,635,698</b>
<b>Balance Forward</b>	<b>\$ 365,499</b>

<sup>1/</sup> Includes unexpended bond proceeds for bonds issued in prior years.

<sup>2/</sup> The overall amount of new SHF available for highway construction is projected to be \$(30,814,000). Since SHF cannot literally run a deficit, this amount is shown as \$0.

<sup>3/</sup> Includes \$16,400,000 in American Recovery and Reinvestment Act of 2009 funds.

<sup>4/</sup> Proceeds reflect a cash expenditure basis.

<sup>5/</sup> Includes all MAG and Statewide program miscellaneous revenues and expenses, including inflation discount factors, interest income, third party billings and paybacks, Regional Public Transportation Authority payments, and Motor Vehicle program fees retainage.

<sup>6/</sup> See footnote 4 on Table 3 for a breakdown of the Other Debt Service payments.

### Highway User Revenue Fund Analysis

HURF consists of monies received in the state from transportation-related licenses, taxes, fees, penalties and interest such as the motor vehicle fuel tax, vehicle license tax, vehicle registration, driver's license, and others. *Table 5* explains the formula distribution of HURF monies between state and local governments. *Table 6* presents the overall HURF distribution for FY 2010 through FY 2012. The line in *Table 6*, which shows Net SHF Available for Statewide Highway Construction, does not include Maricopa County and Pima County Controlled Access Funds, Bond Funds, Federal Funds, and Miscellaneous Funds available for construction. The line represents the amount that is available from the discretionary SHF to fund the State Transportation Board's 5-Year Plan.

Total FY 2010 HURF collections of \$1,194,416,500 were (4.3)% below FY 2009. As of April 2011, FY 2011 HURF year-to-date collections are up 1.5% as compared to the prior year. As a result, the JLBC Staff continues to forecast a 1.5% increase in total HURF revenue collections in both FY 2011 and FY 2012.

The decline in HURF collections in FY 2010 was due to a variety of factors related to the general economic downturn. Lower population growth also contributed to fewer miles driven, as well as reduced vehicle license tax and registration fee growth. Additionally, motor carrier fees were down due to the continued trend of fewer registered commercial vehicles.

Two FY 2012 budget changes affect the HURF distribution. The Criminal Justice Budget Reconciliation Bill (BRB) (Laws 2011, Chapter 33) and the FY 2012 General Appropriation Act increase HURF funding of the Department of Public Safety (DPS) to \$123,210,600. Prior to these changes, there were transfers of \$79,215,700 from HURF and \$41,521,200 from SHF to DPS. This shift effectively increases local funding of DPS by \$20,974,100 and frees up \$23,588,500 in SHF dollars. These freed up monies are then transferred to the General Fund via VLT. Of the \$23,588,500, \$20,533,000 is from funds that would have otherwise gone to cities and counties, and the remainder is foregone controlled access and SHF money.

The FY 2012 General Appropriation Act transfers the funding source of the Motor Vehicle Division's (MVD) operating budget of \$88,684,100 from SHF to HURF in FY 2012. Cities and counties receive 49.5% of HURF revenues. Since they benefit from MVD revenue collection, this funding shift shares MVD's operating cost with cities and counties. The foregone local revenue would be \$43,898,500.

The Revenues BRB (Laws 2011, Chapter 28), however, holds the 10 least populated counties harmless from the MVD funding shift. The bill requires ADOT to transfer \$4,090,000 from SHF in FY 2012 to the 10 least populated

counties. The transfer to the 10 least populated counties consists of:

Apache	\$ 485,900
Cochise	578,900
Coconino	686,400
Gila	274,000
Graham	176,900
Greenlee	58,800
La Paz	270,300
Navajo	584,900
Santa Cruz	213,500
Yuma	<u>760,400</u>
Total	\$4,090,000

After holding the 10 least populated counties harmless, Maricopa, Mohave, Pima, Pinal, and Yavapai Counties along with the cities are estimated to lose \$39,808,500 in HURF revenue rather than \$43,898,500. The MVD funding shift frees up \$38,614,600 in SHF dollars that will be transferred to the General Fund in FY 2012 via VLT.

**Table 5**  
**Percentage Distribution of HURF Monies**

Cities	30.5%
Counties	19.0%
Controlled Access <sup>1/</sup>	7.7%
State Highway Fund <sup>1/</sup>	<u>42.8%</u>
<b>Total</b>	<b>100.0%</b>

<sup>1/</sup> A.R.S. § 28-6538 distributes 50.5% of HURF monies to SHF, with 12.6% of the monies distributed to SHF being allocated to controlled access highways in Maricopa and Pima Counties. The State Transportation Board adds 2.6% by Board Policy to the statutory 12.6%, making a total of 15.2% of SHF monies set aside for controlled access highways (50.5% of 15.2% = 7.7%). The controlled access monies are divided: 75% for Maricopa County and 25% for Pima County. Pima County may also use some of their monies for arterial streets and highways.

Table 6

**Highway User Revenue Fund (HURF) Distribution**  
(\$ in Thousands)

	<b>FY 2010 Actual</b>	<b>FY 2011 Estimate</b>	<b>FY 2012 Estimate</b>
<b>Total HURF Collections</b>	\$1,194,417	\$1,212,333	\$1,230,518
Less: Economic Strength Fund <sup>1/</sup>	1,000	1,000	1,000
ADOT - MVD Registration Compliance Program <sup>2/</sup>	617	620	670
MVD Operating Budget <sup>3/</sup>	-	-	88,684
Dept. of Public Safety Transfer from HURF <sup>4/</sup>	<u>78,626</u>	<u>79,216</u>	<u>123,211</u>
<b>Net HURF Collections</b>	1,114,174	1,131,497	1,016,953
Less: Cities <sup>5/</sup>	339,823	345,107	310,171
Counties <sup>5/</sup>	211,693	214,984	193,221
VLT Transfer to General Fund <sup>6/</sup>	43,836	43,619	105,822
VLT Transfer to Parity Compensation Fund <sup>7/</sup>	2,492	2,478	2,569
VLT Transfer to General Fund (5-Year VLT) <sup>8/</sup>	-	860	500
Distribution to 10 Least Populated Counties <sup>9/</sup>	-	-	4,090
Controlled Access <sup>10/</sup>	<u>78,482</u>	<u>79,716</u>	<u>60,888</u>
<b>Net SHF (Discretionary)</b>	437,848	444,733	339,692
Plus: Other Income <sup>11/</sup>	14,321	13,868	13,673
Less: Non-MVD Operating Budget <sup>12/</sup>	247,870 <sup>13/</sup>	325,795	243,855
Dept of Public Safety Transfer from Highway Fund	41,256	41,521	0
Operating Carryovers, Adjustments and Transfers <sup>14/</sup>	5	5	5
Capital Outlay and Building Renewal	1,000	1,000	1,000
Motor Vehicle Third Party Payments <sup>15/</sup>	16,047	16,700	17,200
Debt Service <sup>16/</sup>	<u>94,371</u>	<u>94,763</u>	<u>122,119</u>
<b>Net SHF Available for Statewide Highway Construction (5-Year Plan) <sup>17/</sup></b>	51,620	(21,183)	(30,814)
<b>SHF Adjustments</b>			
Plus: Discretionary SHF Beginning Balance	7,000	0	0
Controlled Access SHF Beginning Balance	119,000	170,000	170,000
STAN Account Beginning Balance	<u>101,413</u>	<u>55,370</u>	<u>10,678</u>
<b>Total SHF Available for Statewide Highway Construction</b>	<b>\$ 279,033</b>	<b>\$ 204,187</b>	<b>\$ 149,864</b>

<sup>1/</sup> Provides monies for economic strength highway projects recommended by the Commerce Authority and approved by the State Transportation Board.

<sup>2/</sup> The FY 2012 General Appropriation Act allocates \$669,500 from HURF for the Registration Compliance Program. This amount includes \$(300) in statewide adjustments and \$45,000 for an additional pay period.

<sup>3/</sup> The FY 2012 General Appropriation Act shifts the funding for the Motor Vehicle Division (MVD) from SHF to HURF. The \$88,684,100 amount is designated for the MVD operating budget. This amount includes \$(16,000) in statewide adjustments and \$2,428,200 for an additional pay period.

<sup>4/</sup> The FY 2012 General Appropriation Act adjusts the amount transferred to the Department of Public Safety (DPS) from HURF to \$123,210,600. This amount includes \$(775,900) in statewide adjustments and \$3,249,600 for an additional pay period.

<sup>5/</sup> A statutorily defined distribution of HURF monies for acquisition and construction of streets or highways.

<sup>6/</sup> In FY 2010, the \$43,835,500 Vehicle License Tax (VLT) transfer consists of: a \$28,000,000 Fund Reduction and Transfer (FRAT), a Highway Patrol Vehicle Replacement HURF transfer to DPS of \$6,780,000, an \$8,390,600 VLT transfer, and a \$664,900 Safety Enforcement and Transportation Infrastructure Fund (SETIF) transfer to the General Fund, which is done via the VLT. In FY 2011, the \$43,618,600 VLT transfer consists of: a \$28,000,000 FRAT, a Highway Patrol Vehicle Replacement HURF transfer to DPS of \$6,780,000, an \$8,390,600 VLT transfer, and a \$448,000 SETIF transfer to the General Fund. In FY 2012, the \$105,821,700 VLT transfer consists of: a \$28,000,000 FRAT, a Highway Patrol Vehicle Replacement HURF transfer to DPS of \$6,780,000, an \$8,390,600 VLT transfer, a \$448,000 SETIF transfer to the General Fund, \$23,588,500 in DPS funding shift savings, and \$38,614,600 in MVD funding shift savings.

<sup>7/</sup> Laws 2005, Chapter 306 transfers 1.51% of VLT for distribution to SHF to the Parity Compensation Fund beginning in FY 2006.

<sup>8/</sup> Laws 2010, 7th Special Session, Chapter 12 and Laws 2011, Chapter 28 transfers SHF share of the HURF VLT to the State General Fund that is generated from the difference between a 2-year registration and a 5-year registration.

<sup>9/</sup> Laws 2011, Chapter 28 requires ADOT to transfer \$4,090,000 from SHF in FY 2012 to the 10 least populated counties to hold them harmless from the MVD funding shift.

<sup>10/</sup> A statutorily defined distribution of SHF monies for design, acquisition and construction of controlled access highways. The monies are divided 75% for Maricopa County and 25% for Pima County. Pima County may also use some of their monies for arterial streets and highways.

<sup>11/</sup> Includes interest and rental income, transfers from the Public Roads Fund, revenue from 4 formerly non-appropriated funds, and miscellaneous sales and other income. In FY 2010 only, this amount includes \$664,900,000 in transfers from SETIF to SHF and \$617,000 for the Registration Compliance Program. In FY 2011 only, this amount also includes \$448,000 in transfers from SETIF to SHF and \$620,400 for the Registration Compliance Program. In FY 2012 only, this amount also includes \$448,000 in transfers from SETIF to SHF and \$624,800 for the Registration Compliance Program.

<sup>12/</sup> In FY 2012, the non-MVD operating budget consists of \$243,855,100 of SHF (this amount includes \$(28,800) in statewide adjustments and \$4,360,900 for an additional pay period) and \$88,684,100 of HURF. (Please see footnote 2 for additional details.)

<sup>13/</sup> Excludes \$74,530,000 in federal reimbursements.

<sup>14/</sup> Includes \$5,000 annual transfer to Legislative Council for multistate highway transportation agreement.

<sup>15/</sup> Statutory payments to third parties from VLT collected by third parties.

<sup>16/</sup> Debt service on highway revenue bonds, does not include debt service payable from Maricopa and Pima controlled access funds.

<sup>17/</sup> Excludes Maricopa and Pima County controlled access funds, and bond, federal, and miscellaneous funds available for construction. Since SHF cannot literally run a deficit, this balance will be offset by other SHF adjustments listed below.

## Capital Outlay

### Arizona Board of Regents Building System

FY 2012  
APPROVED

#### BUILDING RENEWAL

Arizona Board of Regents

**TOTAL**

0

**0**

#### FUND SOURCES

General Fund

**TOTAL - ALL SOURCES**

0

**0**

**DESCRIPTION** — The Arizona Board of Regents (ABOR) Building System is comprised of buildings controlled by the Universities.

#### Debt Financed Projects

##### University Capital Projects

Laws 2008, Chapter 287, as amended by Laws 2009, 1<sup>st</sup> Special Session, Chapter 6 and Laws 2009, 3<sup>rd</sup> Special Session, Chapter 9, authorized ABOR to enter into lease-to-own and bond transactions up to a maximum of \$800,000,000 to pay for building renewal projects and new facilities of which not more than \$167,671,200 could be issued in FY 2009 and not more than \$400,000,000 in FY 2010. ABOR is required to allocate \$376,000,000 of the \$800,000,000 for the Phoenix Biomedical Campus. Of the remaining \$424,000,000 in proceeds, ABOR plans to allocate \$16,000,000 to Arizona State University's (ASU) School of Construction and \$136,000,000 to each of the 3 universities for building renewal, deferred maintenance, and new construction projects.

The Joint Committee on Capital Review (JCCR) favorably reviewed \$167,671,200 for building renewal bond projects in November 2008 and February 2009, which mostly were issued in April, June, and August 2010. The University of Arizona (UA) plans on issuing \$41,585,000 at the end of May 2011 and would receive the proceeds the beginning of June 2011. At that point, \$165,420,000 of the favorably reviewed \$167,671,200 will have been issued.

The Committee also favorably reviewed \$172,940,000 for Phase I of the Phoenix Biomedical Campus in March 2010, which represents a portion of the \$376,000,000 requirement and was supposed to be a collaboration between the 3 universities. Subsequent to the March 2010 JCCR meeting, ASU withdrew its partnership altogether from the Phoenix Biomedical Campus. Because of this, ASU's \$43,235,000 portion of the \$172,940,000 will not be issued. UA issued \$122,245,000 in June 2010. Northern Arizona University (NAU) had planned on issuing \$7,685,000 in late spring 2011 but decided in March 2011 to instead pay for its \$7,685,000 portion in cash.

All of the NAU and UA bonds and 73% of the ASU bonds were issued as Build America Bonds (BABs). BABs are taxable bonds which entitle the issuing entity to a 35% interest subsidy from the federal government. This leaves the issuing entity paying the remaining 65% of interest costs, along with principal, associated with the lease-purchase agreement.

At the March 2010 meeting, JCCR favorably reviewed the Phoenix Biomedical Campus debt issuance with the provision that the universities not request authority for further lottery bonding projects for 18 months, or until September 2011. After that time, a total of \$512,335,000 in remaining authority will be available for university lottery bonding projects, including \$253,755,000 for Phoenix Biomedical Campus expansion.

Under Chapter 287, the annual debt service payments were designed to be paid from the University Capital Improvement Lease-to-Own and Bond (UCI) Fund and would be comprised of at least 80% Lottery revenues and up to 20% state university system revenues, as required by Chapter 287.

After all Lottery revenue beneficiaries received their statutory distributions, the UCI Fund receives its distribution before any remaining monies revert to the General Fund. The JLBC Staff estimates that the UCI Fund will receive \$14,851,300 in FY 2012, which is more than sufficient to pay the maximum 80% lottery portion of the debt service for the \$165,420,000 in building renewal projects and \$122,245,000 in Phoenix Biomedical Campus projects.

Chapter 287 also provided that the monies distributed from the UCI Fund would be exempt from the university debt limit calculations. However, each university is required to submit their debt limit calculations with and without this bonding package as part of their annual Capital Improvement Plans.

Table 1 shows the current projections for UCI Fund revenues and a summary of the payment schedule for the Phoenix Biomedical Campus and building renewal projects if the maximum of 80% of the debt service was paid from Lottery funds.

The FY 2012 – FY 2015 payments are mainly interest-only payments. The FY 2016 – FY 2030 total annual payments are approximately \$22,400,000, and the remaining FY 2031 – FY 2044 total annual payments are approximately \$7,400,000.

**Table 1**

**University Lottery Bonding Projects <sup>1/</sup>**

		<b><u>FY 2012</u></b>	<b><u>FY 2013</u></b>	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>	<b><u>FY 2016</u></b>	<b><u>FY 2017</u></b>
Projected Lottery Revenue to UCI Fund <sup>2/</sup>		\$14,851,300	\$23,855,200	\$31,421,400	\$39,351,000	\$47,697,600	\$56,482,000
Building Renewal Projects							
Lottery Debt Service	80%	\$ 5,950,500	\$ 5,311,000	\$ 5,311,000	\$ 6,815,000	\$12,025,900	\$12,025,500
University Debt Service	20%	<u>1,487,600</u>	<u>1,327,800</u>	<u>1,327,800</u>	<u>1,703,800</u>	<u>3,006,500</u>	<u>3,006,400</u>
<b>Total Debt Service for \$165.4 M <sup>3/</sup></b>		<b>\$ 7,438,100</b>	<b>\$ 6,638,800</b>	<b>\$ 6,638,800</b>	<b>\$ 8,518,800</b>	<b>\$15,032,400</b>	<b>\$15,031,900</b>
Phoenix Biomedical Campus							
Lottery Debt Service	80%	\$ 4,026,300	\$ 4,026,300	\$ 4,026,300	\$ 4,026,300	\$ 5,910,300	\$ 5,909,500
University Debt Service	20%	<u>1,006,600</u>	<u>1,006,600</u>	<u>1,006,600</u>	<u>1,006,600</u>	<u>1,477,600</u>	<u>1,477,400</u>
<b>Total Debt Service for \$122.2 M <sup>4/</sup></b>		<b>\$ 5,032,900</b>	<b>\$ 5,032,900</b>	<b>\$ 5,032,900</b>	<b>\$ 5,032,900</b>	<b>\$ 7,387,900</b>	<b>\$ 7,386,900</b>
Total Lottery Requirement		\$ 9,976,800	\$ 9,337,300	\$ 9,337,300	\$10,841,300	\$17,936,200	\$17,935,000
Projected Unused Lottery Revenues <sup>5/</sup>		\$ 4,874,500	\$14,517,900	\$22,084,100	\$28,509,700	\$29,761,400	\$38,547,000
Projected University Cost <sup>6/</sup>		\$ 2,494,200	\$ 2,334,400	\$ 2,334,400	\$ 2,710,400	\$ 4,484,100	\$ 4,483,800

<sup>1/</sup> Represents JCCR reviewed projects. The issued bonds are BABs, which have a 35% interest subsidy from the federal government. The displayed amounts are net of the 35% subsidy. According to ABOR, the universities will file paperwork 90 days prior to the payment date in order to receive the federal subsidy so they will not have to literally pay the 35% net interest cost.

<sup>2/</sup> Revenue estimates are based on a 5% annual increase in lottery revenues.

<sup>3/</sup> All of the building renewal bonds have been issued, except UA plans on issuing its remaining \$41,585,000 at the end of May 2011. The amounts shown here include estimates for UA's remaining issuance.

<sup>4/</sup> UA has already issued its \$122,245,000 share, NAU will be paying cash for its \$7,685,000 share, and ASU's \$43,235,000 share will not be issued as they withdrew their partnership from the Phoenix Biomedical Campus.

<sup>5/</sup> Reflects unused revenue for that year and does not represent a cumulative amount.

<sup>6/</sup> Represents the 20% university share.

## Capital Outlay

### Debt and Lease-Purchase Financing

	FY 2011 ESTIMATE	FY 2012 APPROVED
<b>LEASE-PURCHASE PAYMENTS*</b>		
Arizona Department of Administration		
2010 Leaseback Financing	52,066,900	49,050,700
<b>TOTAL - ALL PROJECTS</b>	<b>52,066,900</b>	<b>49,050,700</b>

\* Represents only lease-purchase payments for the 2010 state building sale/lease-back. All other debt and lease-purchase payments are reflected in individual agency budgets. (Please see Table 2.)

#### FUND SOURCES

General Fund	52,066,900	49,050,700
<b>TOTAL - ALL SOURCES</b>	<b>52,066,900</b>	<b>49,050,700</b>

**DESCRIPTION** — This section summarizes the state's debt and lease-purchase obligations.

#### Debt Financed Projects

##### 2010 Leaseback Financing

The budget includes \$49,050,700 from the General Fund in FY 2012 for lease-purchase payments related to the \$1,035,419,300 state building sale/lease-back agreements. The budget also reduced the original FY 2011 appropriation by \$(2,759,700) from \$54,826,600 to \$52,066,900 to reflect the actual payment.

The FY 2010 Criminal Justice Budget Reconciliation Bill (BRB) (Laws 2009, 3<sup>rd</sup> Special Session, Chapter 6) authorized the Arizona Department of Administration (ADOA) to enter into 1 or more sale/lease-back agreements in FY 2010 for existing state-owned facilities, including prison facilities. Any lease-purchase agreements were required to result in proceeds totaling \$735,419,300 to be deposited to the General Fund in FY 2010 to subsidize state operating expenses. ADOA sold the entire issuance at an average tax-exempt interest rate of 4.57% in January 2010.

In a sale/lease-back agreement, the state sells properties to the trustee, and the trustee leases the properties back to the state. Since the properties were sold, the trustee holds the titles to the properties. The control of the properties remains with the state, but the trustee literally "holds" the titles until the obligation is fully repaid. The state reacquires its financial stake through lease-purchase agreements.

The following properties were part of the agreement: the Arizona State Prison Complexes (ASPC) at Eyman and Florence, the Executive Tower, the Senate and House of Representatives buildings, the Polly Rosenbaum State Archives building, the Department of Revenue building and parking structure, the Department of Public Safety Phoenix (DPS) headquarters, the Arizona State Hospital, the Coliseum and Exposition Center, and the Phoenix Day School for the Deaf.

Additionally, Laws 2010, 6<sup>th</sup> Special Session, Chapter 4 authorized ADOA to enter into an additional 20-year, \$300,000,000 sale/lease-back agreement for state buildings by September 30, 2010. ADOA was able to sell the entire issuance at an average tax-exempt interest rate of 4.37% in June 2010.

The FY 2012 payment of \$49,050,700 for both issuances is interest only. The payments for the remaining 18 years will be approximately \$84,100,000.

The following properties were part of the agreement: ASPC Tucson Winchester unit, AHCCCS 701 & 801 E. Jefferson buildings, DPS Tucson headquarters and forensic lab, Arizona State Schools for the Deaf and Blind (ASDB) Tucson selected buildings, ASDB Phoenix Day School, Supreme Court building, Department of Economic Security (DES) 1789 W. Jefferson building, 400 W. Congress Tucson complex, and the Tucson Arizona Historical Society.

The sale/lease-back agreements were issued as a tax-exempt deficit financing mechanism in which the proceeds were used for state operational expenses. If a state uses tax-exempt debt financing to eliminate a budget shortfall, federal regulations require the state to repay the obligation early if a state's surplus exceeds 5% in a future year. The FY 2011 Budget Procedures BRB (Laws 2010, 7<sup>th</sup> Special Session, Chapter 3) requires ADOA to annually submit to JLBC by December 31 of each year a Working Capital Surplus Report associated with meeting the requirements for tax-exempt deficit financing concerning agreements entered into after January 1, 2009.

In January 2011, ADOA reported on the working capital surplus requirements for these deficit financing transactions and found that no working capital surplus existed for FY 2010. This means the state will not currently be required to begin paying down the outstanding balance on these agreements.

### **Long-Term Financing Summary**

The state's long-term financing consists of 3 different types of transactions.

#### **Privatized Lease-to-Own Facilities**

Under a privatized lease-to-own (PLTO) agreement, a private entity finances and constructs a building and leases it to the state. At the end of the lease term, the state takes possession of the building.

ADOA entered into PLTO agreements with private entities for 3 office buildings on the Capitol Mall. The 3 buildings house ADOA, the Department of Environmental Quality, and the Department of Health Services. *Table 1* provides information on current lease-to-own agreements.

<b>Table 1 Privatized Lease-to-Own Summary</b>		
<b><u>Fund Type</u></b>	<b><u>FY 2012 Payment</u></b>	<b><u>Lease Completion</u></b>
General Fund	\$ 3,085,800	FY 2028
Other Approp.	8,063,400	FY 2028
Non-Approp.	1,223,800	FY 2028
<b>Total</b>	<b>\$12,373,000</b>	<b>NA</b>

These payments are not included in *Table 2's* Lease-Purchase and Bonding Summary since the debt is not held by the state.

#### **Lease-Purchase Facilities**

Under a traditional lease-purchase agreement, the state issues Certificates of Participation (COPs) to generate proceeds to finance capital projects. ADOA and the universities have entered into lease-purchase agreements for the acquisition and construction of state facilities.

The School Facilities Board (SFB) also entered into lease-purchase agreements between FY 2003 and FY 2005 for the construction of new schools. In FY 2006 and FY 2007, new school construction was financed on a cash basis. Since FY 2008, any new school construction has been done by lease-purchase financing.

The FY 2010 Education BRB (Laws 2009, 3<sup>rd</sup> Special Session, Chapter 12) allowed SFB to enter into up to \$100,000,000 of new construction lease-purchase agreements to be financed by a federal program known as Qualified School Construction Bonds (QSCB). The lease-purchase agreement was issued for \$91,325,000 in October 2010 and will be retired in FY 2028. *(Please see the SFB budget narrative pages for more information.)*

The state has also committed to participating in repayment of \$300,000,000 for the expansion of the Phoenix Convention Center. The City of Phoenix issued \$600,000,000 in COPs in FY 2005. The project was completed in January 2009. The state was not required to begin repayment of its share of \$300,000,000, plus

interest, until the following year in FY 2010. The FY 2012 Revenue BRB (Laws 2011, Chapter 28) made technical changes to the state's payment schedule to match the actual debt service schedule for the COPs. The FY 2012 payment amount of \$0 reflects that while the statutory debt service payment schedule began in FY 2010, the actual debt service on the COPs did not begin until FY 2012. As a result, the state had overpaid the debt service requirements by \$15,000,000 to date, allowing the state to not make a payment in FY 2012.

The FY 1992 lease-purchase agreement that was refinanced in FY 2002 was paid off in FY 2011. These properties included the 16<sup>th</sup> Avenue parking garage, Courts building, Historical Museum, ASDB Food Service, DES West, and Tucson building. The completion of the lease-purchase payments will result in savings of \$(25,953,300), including \$(17,367,000) from the General Fund.

The FY 1991 and 1992 lease-purchase agreements that were refinanced in FY 2001 and the FY 1993 lease-purchase agreement that was refinanced in FY 2004 will be paid off in FY 2012. These properties include ENSCO, Revenue building, DES homes, Capital Center, Records Management, Library for the Blind, ASDB projects, 1616 W. Adams, and Tonto Natural Bridge.

Once the final lease-purchase payments have been made on the properties, the agencies occupying the space will begin paying rent to ADOA. Rent payments will begin in FY 2012 for the FY 2002 refinanced lease-purchase agreement, and rent payments will begin in FY 2013 for the FY 2001 and FY 2004 refinanced lease-purchase agreements.

Beyond the \$(17,367,000) in lease-purchase savings from the FY 1992/2002 refinance, all other lease-purchase payments will decline by \$(1,588,500) from the General Fund. *(Please see the Capital Outlay ADOA Building System narrative for more information.)*

*Table 2* provides information related to current state lease-purchase agreements.

#### **Bonding Summary**

The Arizona Board of Regents, on behalf of the universities, the Arizona Department of Transportation, and SFB have issued bonds to renovate, acquire, and construct facilities, as well as purchase equipment.

SFB has also issued Qualified Zone Academy Bonds (QZABs). The QZAB program, enacted through federal legislation, allows state and local agencies to issue QZABs at low interest rates by providing federal tax credits to bond holders. SFB issued \$20,000,000 in QZABs in FY 2003. The debt service on QZABs is paid from Permanent State School Fund revenues.

Laws 2010, 6<sup>th</sup> Special Session, Chapter 4 authorized ADOA to issue a 20-year, \$450,000,000 Lottery revenue

bond by December 31, 2010 to be deposited into the General Fund. Payments started in FY 2011, and have been made from the Lottery revenues that would have otherwise been deposited into the General Fund. The FY 2012 bond payment will be \$20,709,600, which is interest only. This will result in the General Fund receiving \$20,709,600 less in Lottery revenues in FY 2012.

Table 2 also provides information related to current bond issuances.

<b><u>Lease-Purchase Summary</u></b>	<b><u>Overall Balance</u></b> <sup>1/</sup>	<b><u>GF Balance</u></b> <sup>1/</sup>	<b><u>Overall FY 12 Pymt.</u></b> <sup>2/</sup>	<b><u>FY 12 GF Pymt.</u></b> <sup>2/</sup>	<b><u>Retirement FY</u></b>
<b><u>ADOA Building System</u></b>					
<b>2001 A/B Issuance/Refinance</b>					
Prisons/ENSCO	\$ 0	\$ 0	\$ 1,436,400	\$ 1,436,400	FY12
Revenue Building	0	0	552,900	541,800	FY12
DES Homes	0	0	70,700	46,000	FY12
Capital Center	0	0	411,900	367,300	FY12
<i>Subtotal</i>	\$ 0	\$ 0	\$ 2,471,900	\$ 2,391,500	
<b>2002A Issuance</b>					
Health Laboratory	\$ 19,605,000	\$ 11,174,900	\$ 2,320,400	\$ 1,323,600	FY23
<b>2004A Issuance/Refinance</b>					
Records Management	\$ 0	\$ 0	\$ 313,700	\$ 313,700	FY12
Library for the Blind	0	0	5,100	5,100	FY12
ASDB Projects <sup>3/</sup>	0	0	2,031,200	2,031,200	FY12
1616 West Adams	0	0	5,200	900	FY12
Tonto Natural Bridge	0	0	606,800	0	FY12
<i>Subtotal</i>	\$ 0	\$ 0	\$ 2,962,000	\$ 2,350,900	
<b>2004B Issuance</b>					
ADC Prison Expansions	\$ 18,640,000	\$ 18,640,000	\$ 3,191,800	\$ 3,191,800	FY19
<b>2008A Issuance</b>					
ADC 4000 Prison Beds, Water, and Wastewater	\$ 184,275,000	\$ 184,275,000	\$ 16,719,800	\$ 16,719,800	FY23, 28
DHS Forensic Hospital	26,750,000	26,750,000	3,113,700	3,113,700	FY23
<i>Subtotal</i>	\$ 211,025,000	\$ 211,025,000	\$ 19,833,500	\$ 19,833,500	
<b>2010 A/B Issuance</b>					
Sale/Leaseback	\$ 998,795,000	998,795,000	49,050,700	49,050,700	FY30
<i>Subtotal - ADOA</i>	\$1,248,065,000	\$1,239,634,900	\$ 79,830,300	\$ 78,142,000	
<b><u>School Facilities Board</u></b>					
New School Construction - FY 2003 - FY 2005	\$ 633,910,000	\$ 633,910,000	\$ 91,338,000	\$91,338,000	FY20
New School Construction - FY 2008 - FY 2009	551,035,000	551,035,000	58,646,600	58,646,600	FY24
Qualified School Construction Bonds	91,325,000	91,325,000	7,671,300 <sup>4/</sup>	7,671,300 <sup>4/</sup>	FY28
2011 Refinance	58,785,000	58,785,000	2,449,800	2,449,800	FY20
<i>Subtotal - SFB</i>	\$1,335,055,000	\$1,335,055,000	\$160,105,700	\$160,105,700	
<b><u>ABOR Building System</u></b>					
Arizona State University	\$ 295,008,000	\$ 184,745,000	\$ 26,239,000	\$ 14,472,000	FY11-FY31
Northern Arizona University	131,450,000	75,895,000	7,267,000	5,900,000	FY15-FY36
University of Arizona	475,439,000	182,325,000	43,765,000	14,253,000	FY20-FY31
<i>Subtotal - ABOR</i>	\$ 901,897,000	\$ 442,965,000	\$ 77,271,000	\$ 34,625,000	
Phoenix Convention Center <sup>5/6/</sup>	\$ 300,000,000	\$ 300,000,000	\$ 0	\$ 0	FY39
<i>TOTAL - Lease-Purchase</i>	<i>\$3,785,017,000</i>	<i>\$3,317,654,900</i>	<i>\$317,207,000</i>	<i>\$272,872,700</i>	
					(Continued)



Table 2 (Continued)

	<b>Overall Balance <sup>1/</sup></b>	<b>GF Balance <sup>1/</sup></b>	<b>Overall FY 12 Pymt. <sup>2/</sup></b>	<b>FY 12 GF Pymt. <sup>2/</sup></b>	<b>Retirement FY</b>
<b><u>Bonding Summary</u></b>					
<b><u>School Facilities Board</u></b>					
Deficiencies Correction:					
Proposition 301	\$ 471,544,200	\$ 0	\$ 65,841,200	\$ 0	FY21
State Land Trust - FY 2004	<u>137,870,000</u>	<u>0</u>	<u>24,249,300</u>	<u>0</u>	FY18
<i>Subtotal - SFB</i>	\$ 609,414,200	\$ 0	\$ 90,090,500	\$ 0	
Department of Transportation	\$1,977,105,000 <sup>7/</sup>	\$ 0	\$219,566,000 <sup>8/</sup>	\$ 0	FY17, 26, 34
<b><u>ABOR Building System</u></b>					
Arizona State University	\$ 710,550,000	\$ 0	\$ 54,040,000	\$ 0	FY18-FY40
Northern Arizona University	295,225,000	0	24,041,000	0	FY16-FY40
University of Arizona	474,790,000	0	39,134,000	0	FY11-FY39
University Lottery Bond (SPEED)	<u>287,665,000 <sup>9/</sup></u>	<u>0</u>	<u>12,471,000</u>	<u>0</u>	FY29, 30, 44
<i>Subtotal - ABOR</i>	\$1,768,230,000	\$ 0	\$129,686,000	\$ 0	
Lottery Revenue Bond <sup>5/</sup>	\$ 425,420,000	\$ 425,420,000	\$ 20,709,600	\$ 20,709,600	FY29
<i>TOTAL - Bonding</i>	<i>\$4,780,169,200</i>	<i>\$ 425,420,000</i>	<i>\$ 460,052,100</i>	<i>\$ 20,709,600</i>	
<b>TOTAL - Lease-Purchase &amp; Bonding</b>	<b>\$8,565,186,200</b>	<b>\$3,743,074,900</b>	<b>\$777,259,100</b>	<b>\$293,582,300</b>	
<sup>1/</sup> Represents principal balances. ADOA balances are as of June 30, 2012. All other balances are as of June 30, 2010. The "GF Balance" column represents the portion of the overall balance paid from General Fund sources. <sup>2/</sup> Represents lease-purchase or debt service payments, including the portion paid from a General Fund source, which is represented in the "FY 12 GF Pymt." column. <sup>3/</sup> ADOA will make this last lease-purchase payment in FY 2012 on behalf of ASDB pursuant to the back of the bill allocations in Laws 2011, Chapter 24, Section 137. <sup>4/</sup> This type of financing entitles the state to an interest rate subsidy of 4.86% (out of the 6% due on the bonds), shortly after each payment. In FY 2012, this subsidy is expected to be \$6,213,800 of the \$7,671,300 payment. <sup>5/</sup> These obligations will be repaid with foregone General Fund revenues. <sup>6/</sup> The Convention Center debt service will eventually increase over a number of years to a maximum of \$30,000,000. Monies are given to the city to pay this portion of the lease-purchase payment. FY 2012 payment amount of zero reflects the changes to the payment schedule enacted by Laws 2011, Chapter 28. <sup>7/</sup> Includes \$1,672,625,000 for HURF bonds and \$304,480,000 for GANs. <sup>8/</sup> Future debt service schedule going forward is as follows: FY 2013 - \$217,855,000; FY 2014 - \$225,589,000; FY 2015 - \$220,906,000; FY 2016 - \$211,484,000 <sup>9/</sup> Includes \$165,420,000 for building renewal projects favorably reviewed by JCCR in November 2008 and February 2009 and \$122,245,000 for Phase I of the Phoenix Biomedical Campus favorably reviewed by JCCR in March 2010. These are the initial projects under the \$800,000,000 University Lottery bonding authority, otherwise known as SPEED, which was originally authorized by Laws 2008, Chapter 287. (Please see the Capital Outlay Arizona Board of Regents Building System narrative for more information.)					